GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:382
ANSWERED ON:09.08.2002
IMPACT OF ECONOMIC REFORMS
RATTAN LAL KATARIA

Will the Minister of FINANCE be pleased to state:

(a) the impact of the second generation economic reforms on agricultural sector and rural economy.

(b) the targets set by the various banks and financial institutions for direct and indirect lending to agricultural sector; and (

(c) the extent upto which lending to agricultural sector by the banks and financial institutions is profitable?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a), (b), (c): A Statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (c) OF LOK SABHA STARRED QUESTION NO.382 FOR 9TH AUGUST 2002 TABLED BY SHRI RATTAN LAL KATARIA REGARDING IMPACT OF ECONOMIC REFORMS

(a): The economic reforms initiated during the early 1990s focused mainly on industry. These included the licensing, deregulation, trade liberalization, lowering of tariffs, and financial sector reforms. The agricultural sector benefited indirectly from these reforms. The second generation reforms singled out agricultural for particular focus. Most important step already taken in this direction, early this year, was removal of restrictions on movement and stocking of major agricultural products. Simultaneously agri products exports were freely permitted under the new Exim Policy, except in select cases such as onions. A number of other reform measures are under active consideration of the Government.

(b) Banks are required to lend 18 per cent of their net bank credit to agriculture. The target achieved so far is close to 16 per cent by public sector banks.

(c) It is profitable with relatively lower ratio of defaults.